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CITY OF GRAMBLING
GRAMBLING, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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Release Date 8/6/03

CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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**CITY OF GRAMBLING, LOUISIANA
GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Grambling
Grambling, LA 71245

I have audited the accompanying general purpose financial statements and the combining, individual fund and account group financial statements of the City of Grambling as of December 31, 2002, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Grambling's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Grambling at December 31, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in my opinion, the combining and individual fund, and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Grambling as of December 31, 2002, and the results of operations of such funds and the cash flows of the individual proprietary fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council
City of Grambling
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My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as supplementary information in the table of contents on pages 66 to 71, is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Grambling, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in my opinion is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Respectfully,



Radian L. Hennigan
Certified Public Accountant

June 13, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF GRAMBLING, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet, December 31, 2002

	GOVERNMENTAL FUNDS		
		SPECIAL	DEBT
	GENERAL	REVENUE	SERVICE
	FUND	FUNDS	FUNDS
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$ 431,157	\$ 178,927	\$ 14,131
Investments	255,740	200,287	88,267
Receivables (net of allowance for uncollectibles)			
Taxes	109,001	-	9,917
Account	13,484	18,612	213
Due from other funds	278,680	-	1,658
Due from other governmental agencies	1,177	-	-
Construction in Progress	-		
Restricted assets			
Cash	-	-	-
Investments, at cost	-	-	-
Fixed assets	-	-	-
Utility plant and equipment (net)	-	-	-
Amount available in debt service funds	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$1,089,239	\$ 397,826	\$114,186
LIABILITIES, EQUITY, AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	\$ 47,298	\$ 430	\$ -
Accrued and other liabilities	35,377	2,285	-
Payable from restricted assets			
Accounts payable	-	-	-
Accrued (coupons) payable	-	-	-
Accrued interest payable	-	-	-
Customer's deposits	-	-	-
Due to other funds	65,359	23,704	74,386
Notes Payable	114,864		
Bonds payable			
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Accumulated unpaid compensated absences	-	-	-
TOTAL LIABILITIES	262,898	26,419	74,386

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS	PROPRIETARY FUND	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	December 31, 2002	December 31, 2001
\$ -	\$ 40,421	\$ -	\$ -	\$ 664,636	\$ 931,897
4,238	-	-	-	\$ 548,532	417,861
				\$ -	
	16,424	-	-	\$ 135,342	140,354
155	48,042	-	-	\$ 80,506	130,573
81,498	74,386	-	-	\$ 436,222	247,246
-	-	-	-	\$ 1,177	
-	-	-	-	\$ -	1,698
				\$ -	
-	213,459	-	-	\$ 213,459	182,990
-	323,318	-	-	\$ 323,318	316,116
-	-	1,485,783	-	\$ 1,485,783	1,485,783
-	3,549,121	-	-	\$ 3,549,121	3,755,114
-	-	-	76,643	\$ 76,643	75,165
<u>\$ 85,891</u>	<u>\$ 4,265,171</u>	<u>\$1,485,783</u>	<u>\$ 76,643</u>	<u>\$ 7,514,739</u>	<u>\$ 7,684,797</u>

\$ -	20,666	\$ -	\$ -	\$ 68,394	\$ 55,438
-	6,244	-	-	\$ 43,906	21,760
				\$ -	
				\$ -	
-	165,000	-	-	\$ 165,000	84,200
-	58,658	-	-	\$ 58,658	69,597
-	72,175	-	-	\$ 72,175	75,625
-	272,773	-	-	\$ 436,222	248,946
	132,000			\$ 246,864	295,984
				\$ -	
-	-	-	-	\$ -	
-	2,006,606	-	-	\$ 2,006,606	2,220,140
-	-	-	76,643	\$ 76,643	75,165
-	2,734,122	-	76,643	3,174,468	3,146,855

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet, December 31, 2002

	<u>GOVERNMENTAL FUNDS</u>		
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>DEBT</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>SERVICE</u>
	<u>FUND</u>	<u>FUNDS</u>	<u>FUNDS</u>
FUND EQUITY:			
<u>Contributed capital</u>	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings			
Reserved for debt retirement	-	-	-
Unreserved	-	-	-
Fund balances			
Reserved	-	-	39,800
Unreserved and undesignated	826,341	371,407	
Prior Period Adjustment			
TOTAL FUND EQUITY	<u>826,341</u>	<u>371,407</u>	<u>39,800</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$1,089,239</u></u>	<u><u>\$397,826</u></u>	<u><u>\$114,186</u></u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS	PROPRIETARY FUND	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	December 31, 2002	December 31, 2001
-	1,399,186	-	-	1,399,186	1,399,186
-	-	1,485,783	-	1,485,783	1,485,783
-	114,111	-	-	114,111	114,111
-	42,387	-	-	42,387	254,952
-	-	-	-	39,800	38,329
85,891	-	-	-	1,283,639	1,245,581
	(24,635)			54,635	
<u>85,891</u>	<u>1,531,049</u>	<u>1,485,783</u>	<u>-</u>	<u>4,340,271</u>	<u>4,537,942</u>
<u>\$ 85,891</u>	<u>\$ 4,265,171</u>	<u>\$1,485,783</u>	<u>\$ 76,643</u>	<u>\$ 7,514,739</u>	<u>\$ 7,684,797</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/Equity
For the Year Ended December 31, 2002

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES				
Taxes:				
Ad valorem	\$ 113,295	\$ -	\$ 140	\$ -
Sales and use	347,521	-	-	-
Other taxes, penalties, interest, etc.	495	-	-	-
Fire Taxes	225,376	-	-	-
Licenses and permits	112,044	-	-	-
Intergovernmental revenues	37,040	153,870	-	-
Fines and forfeitures	81,830	-	-	-
Use of money and property	-	-	-	-
Other revenues	10,505	52,427	1,645	3,652
Total revenues	928,106	206,297	1,785	3,652
EXPENDITURES				
General government	231,725	-	-	-
Public safety	517,493	-	-	-
Health and sanitation	-	135,660	-	-
Highways and streets	20,929	-	-	-
Park and recreation	1,700	-	-	-
Debt Service	-	-	315	-
Total expenditures	771,847	135,660	315	-
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	156,259	70,637	1,470	3,652
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	75,000	-	-	117,488
Total other financing sources (uses)	75,000	-	-	117,488

The accompanying notes are an integral part of this statement.

TOTALS
(MEMORANDUM ONLY)

2002	2001
113,435	\$ 153,005
347,521	285,213
495	172
225,376	156,264
112,044	99,292
190,910	193,201
81,830	126,095
-	
68,229	84,940
<u>1,139,840</u>	<u>1,098,182</u>
231,725	197,881
517,493	432,389
135,660	155,198
20,929	22,286
1,700	631
315	90,889
<u>907,822</u>	<u>899,277</u>
<u>232,018</u>	<u>198,908</u>
-	35,408
192,488	25,500
<u>192,488</u>	<u>9,908</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUND TYPES
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/Equity
For the Year Ended December 31, 2002

	GOVERNMENTAL FUNDS			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	81,259	70,637	1,470	(113,836)
FUND BALANCES (Deficit), BEGINNING	745,082	300,772	38,329	199,727
FUND BALANCES (Deficit), ENDING	<u>\$ 826,341</u>	<u>\$ 371,409</u>	<u>\$ 39,799</u>	<u>\$ 85,891</u>

The accompanying notes are an integral part of this statement.

TOTALS
(MEMORANDUM ONLY)

<u>2002</u>	<u>2001</u>
<u>39,530</u>	<u>208,816</u>
1,283,910	1,075,095
<u><u>\$1,323,440</u></u>	<u><u>\$ 1,283,911</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT
GENERAL AND SPECIAL REVENUE FUNDS

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Ad valorem	\$ 121,252	\$ 113,295	\$ (7,957)
Sales and use	350,000	347,521	(2,479)
Other taxes, penalties, interest, etc.	700	495	(205)
Fire Taxes	203,349	225,376	22,027
Licenses and permits	120,200	112,044	(8,156)
Intergovernmental revenues	36,000	37,040	1,040
Fines and forfeitures	77,900	81,830	3,930
Other revenues	9,700	10,505	805
Total revenues	<u>919,101</u>	<u>928,106</u>	<u>9,005</u>
EXPENDITURES			
General government	220,030	231,725	(11,695)
Public safety	512,250	517,493	(5,243)
Health and sanitation	-	-	-
Highways and streets	21,000	20,929	71
Park and recreation	1,325	1,700	(375)
Debt service	-	-	-
Total expenditures	<u>754,605</u>	<u>771,847</u>	<u>(17,242)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>164,496</u>	<u>156,259</u>	<u>(8,237)</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 121,252	\$ 113,295	\$ (7,957)
-	-	-	350,000	347,521	(2,479)
-	-	-	700	495	(205)
-	-	-	203,349	225,376	22,027
-	-	-	120,200	112,044	(8,156)
160,000	153,870	(6,130)	196,000	190,910	(5,090)
-	-	-	77,900	81,830	3,930
55,100	52,427	(2,673)	64,800	62,932	(1,868)
<u>215,100</u>	<u>206,297</u>	<u>(8,803)</u>	<u>1,134,201</u>	<u>1,134,403</u>	<u>202</u>
-	-	-	220,030	231,725	(11,695)
-	-	-	512,250	517,493	(5,243)
151,350	135,660	15,690	151,350	135,660	15,690
-	-	-	21,000	20,929	71
-	-	-	1,325	1,700	(375)
-	-	-	-	-	-
<u>151,350</u>	<u>135,660</u>	<u>15,690</u>	<u>905,955</u>	<u>907,507</u>	<u>(1,552)</u>
<u>63,750</u>	<u>70,637</u>	<u>6,887</u>	<u>228,246</u>	<u>226,896</u>	<u>(1,350)</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GOVERNMENTAL FUNDS - PRIMARY GOVERNMENT
GENERAL AND SPECIAL REVENUE FUNDS

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (Uses)			
Operating transfers in	35,000	-	(35,000)
Operating transfers out	(35,000)	(75,000)	(40,000)
Total other financing sources (uses)	-	(75,000)	(75,000)
 EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 164,496	 81,259	 (83,237)
 FUND BALANCES (Deficit), BEGINNING		745,082	
 FUND BALANCES (Deficit), ENDING		\$ 826,341	

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
-	-	-	35,000	-	(35,000)
25,000	-	25,000	(60,000)	75,000	(15,000)
<u>25,000</u>	-	<u>25,000</u>	<u>(25,000)</u>	<u>(75,000)</u>	<u>(50,000)</u>
<u>38,750</u>	<u>70,637</u>	<u>31,887</u>	<u>203,246</u>	<u>151,896</u>	<u>(51,350)</u>
	300,772			1,045,854	
	<u>\$371,409</u>			<u>\$1,197,750</u>	

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 2002

OPERATING REVENUES

Charges for services:	
Water sales	183,293
Water connection charges	3,155
Sewerage fees	153,622
	<hr/>
Total operating revenues	340,070

OPERATING EXPENSES

Water department	501,053
Sewer distribution department	78,208
Sewer plant department	263,538
	<hr/>
Total operating expenses	842,799

OPERATING INCOME (Loss)	<hr/> (502,729)
--------------------------------	------------------------

NONOPERATING REVENUES (Expenses)

Other income	11,686
Interest income	5,869
Ad valorem tax	35,366
Intergovernmental revenue	44,755
Interest expense	-
	<hr/>
Total nonoperating revenues (expenses)	97,676

INCOME (LOSS) BEFORE OPERATING TRANSFERS	<hr/> (405,053)
---	------------------------

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 2002

OPERATING TRANSFERS IN (Out)	
Operating transfers in	192,488
Operating transfers out	<u> -</u>
Total operating transfers in (out)	192,488
NET INCOME (Loss)	<u>(212,565)</u>
RETAINED EARNINGS (Deficit), BEGINNING	254,952
PRIOR PERIOD ADJUSTMENT	(24,635)
RETAINED EARNINGS (Deficit), ENDING	<u><u>\$ 17,752</u></u>

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 175,000	183,293	8,293
Water connection charges	3,000	3,155	155
Sewerage fees	171,880	153,622	(18,258)
Total operating revenues	<u>349,880</u>	<u>340,070</u>	<u>(9,810)</u>
OPERATING EXPENSES			
Water department	585,628	501,053	84,575
Sewer distribution department	109,580	78,208	31,372
Sewer plant department	265,500	263,538	1,962
Total operating expenses	<u>960,708</u>	<u>842,799</u>	<u>117,909</u>
OPERATING INCOME (Loss)	<u>(610,828)</u>	<u>(502,729)</u>	<u>108,099</u>
NONOPERATING REVENUES (Expenses)			
Other income	11,000	11,686	686
Interest income	6,000	5,869	(131)
Ad valorem tax	31,773	35,366	3,593
Interest expense	-	-	-
Rural Development Grant	33,000	44,755	11,755
Total nonoperating revenues (expenses)	<u>81,773</u>	<u>97,676</u>	<u>15,903</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(529,055)</u>	<u>(405,053)</u>	<u>124,002</u>
OPERATING TRANSFERS IN (Out)			
Operating transfers in	75,000	192,488	117,488
Operating transfers out	134,000	-	134,000
Total operating transfers in (out)	<u>(59,000)</u>	<u>192,488</u>	<u>251,488</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND TYPE
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

			VARIANCE
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
NET INCOME (Loss)	(588,055)	(212,565)	375,490
RETAINED EARNINGS (Deficit), BEGINNING		254,952	
PRIOR PERIOD ADJUSTMENT		(24,635)	
RETAINED EARNINGS (Deficit), ENDING		<u>\$ 17,752</u>	

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND

Combined Statement of Cash Flows
For the Year Ended December 31, 2002

Cash flows from operating activities:	
Operating (loss)	(212,565)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Increase in taxes receivable	(3,726)
Decrease in accounts receivable	2,332
Decrease in due from other funds	(57,643)
Increase in investments	
Increase in accounts payable	8,911
Increase in accrued liabilities	2,683
Depreciation	359,390
Increase in Coupons Payable	80,800
Other Accruals - Interfund	<u>180,523</u>
Net cash provided by operating activities	360,705
Cash flows from noncapital financing activities:	
Other income	(1,091)
Ad valorem taxes	-
Transfers (net)	<u>-</u>
Net cash provided by noncapital financing activities	(1,091)
Cash flow from capital and related financing activities:	
Purchase of PP&E	(153,394)
Principal paid on bonds	(132,734)
Principal Paid on Note	<u>(18,000)</u>
Net cash (used by) capital and related financing activities	(304,128)
Cash flows from investing activities:	
Interest income	-
Net cash provided by investing activities	-

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND

Combined Statement of Cash Flows
For the Year Ended December 31, 2002

Net increase in cash and cash equivalents	<u>55,486</u>
Cash and cash equivalents at beginning of year	449,537
Cash and cash equivalents at end of year	<u><u>505,023</u></u>
Cash in current assets	40,421
Cash in restricted assets	464,602
Total cash and cash equivalents	<u><u>\$505,023</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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The accounting and reporting policies of the City of Grambling conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirement of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following notes to the financial statements are an integral part of the City's General Purpose Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Grambling, Louisiana, was incorporated in 1959 under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Alderperson form of government. The City's major operations include public safety, fire protection, public works, recreation and parks, utility services, and general administrative services.

The National Council of Governmental Accounting (NCGA), in order to clarify which organizations, functions, and activities of government should be included in general purpose financial statements, issued NCGA-3 (Defining the Governmental Reporting Entity) in December 1981. The NCGA has been replaced by the Governmental Accounting Standards Board (GASB), but the latter organization has endorsed NCGA-3. In issuing NCGA-3, the NCGA's intention was to provide a basis for making comparisons among units of government, to reduce the possibility of arbitrary exclusion and to enable financial statement users to identify the operations for which governmental entities are responsible. The NCGA concluded that the basic criterion for including an agency, institution, authority, or other organization in a governmental unit's reporting entity is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility is defined to include, but is not limited to:

(1) Financial Interdependency

When a separate agency produces a financial benefit for or imposes a financial burden on a unit of government, that agency is part of the reporting entity. Manifestations of financial interdependency include responsibility for financial deficits, entitlements to surpluses, and guarantees of, or "moral responsibility" for, debt.

CITY OF GRAMBLING, LOUISIANA
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- (2) **Selection of Governing Authority**
An authoritative appointment is one where the entity's chief elected official maintains a significant continuing relationship with the appointed officials with respect to carrying out important public functions.

- (3) **Designation of Management**
When management is appointed by and held accountable to a governing authority that is included in the entity, the activity being managed falls within the entity.

- (4) **Ability to Significantly Influence Operations**
This ability includes, but is not limited to, the authority to review and approve budgetary requests, adjustments, and amendments.

- (5) **Accountability for Fiscal Matters**
Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets.

There may be, however, factors other than oversight that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include:

- a. **Scope of Public Service** - Aspects to be considered include who the activity benefits and whether it is conducted within the entity's geographic boundaries and generally available to its citizens.

- b. **Special Financing Relationship** - Such a relationship may have been created to benefit the entity by providing for the insurance of debt on behalf of the entity.
Based on the criteria established by NCGA-3, as supplemented by NCGA Interpretation-7 (Clarification as to the Application of the Criteria in NCGA Statement-3-Defining the Governmental Reporting Entity), the City of Grambling's financial statements do not include the Housing Authority of the City of Grambling. The

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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Authority provides housing to qualified residents and is funded through Government grants and rental charges. The City is not responsible for funding its deficits nor does it have the right to its surpluses. Except as cited above, this report includes all funds and account groups which meet the above criteria. No other potential component units have been included or excluded in this report.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City of Grambling are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and Expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into two fund types and five generic funds as described below:

(1) General Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

a. General Fund

This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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- b. **Special Revenue Funds**
These funds are established to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.
 - c. **Debt Service Funds**
These funds are established for the purpose of accumulating resources for the payment of interest and principle on long-term general obligation debt other than those payable from Enterprise Funds.
 - d. **Capital Projects Funds**
Capital Projects Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Principal sources of revenue are municipal long-term debt proceeds, interest income and various types of grants.
- (2) **Proprietary Fund Types**
These funds account for operations that are organized to be self-supporting through user charges. Included in this category are the Enterprise Funds.
- a. **Enterprise Funds**
These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- (3) **General Fixed Assets Account Group**
This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Funds.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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(4) General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding principle balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. **BASIS OF ACCOUNTING**

Governmental funds, Expendable Trust Funds, and Agency Funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes and investment earnings are recorded when earned (when they are measurable and available).

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency Fund assets and liabilities are accounted for on the modified accrual basis.

D. **BUDGETARY DATA**

Formal budgetary accounting is employed as a management control for the General, Proprietary, and Special Revenue Funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgets for Debt Service and Capital Projects Funds are not adopted and are therefore not presented in the accompanying combined and combining financial statements. Budgetary control is exercised at the departmental level or by projects.

All unencumbered budget appropriations lapse at the end of each fiscal year.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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- E. **CASH & CASH EQUIVALENTS**
Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.
- F. **RECEIVABLES**
All receivables are reported at their gross value and, reduced by the estimated portion that is expected to be uncollectible.
- G. **INVESTMENTS**
Investments are valued at cost.
- H. **DUE TO AND DUE FROM OTHER FUNDS**
Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.
- I. **INTEREST RECEIVABLE**
Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.
- J. **INVENTORIES**
Inventories for all governmental funds are valued at cost (first-in, first-out). Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.
- K. **RESTRICTED ASSETS**
Enterprise funds, based on certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.
- L. **PROPERTY, LAND AND EQUIPMENT**
Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain ('infrastructure') general fixed assets consisting of certain improvements other than buildings, such as

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2002

roads, sidewalks, bridges and drainage improvements are capitalized. Property, plant and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

Property, plant and equipment acquired by proprietary funds are capitalized in the respective funds which it applies.

Property, plant and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds are charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

M. LONG-TERM DEBT

Long-term general obligations of the City are reported in the General Long-Term Debt Account Group. Long-term liabilities for revenue bonds are reported in the appropriate Enterprise Fund.

N. PENSIONS

All employees are covered under Social Security benefits. Qualified employees who desire to participate are also covered in an employee matching 401K. The City contributes three percent of employees' total wages into this plan.

O. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

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Notes to the Financial Statements
December 31, 2002

P. REVENUES AND EXPENDITURES/EXPENSES

Revenues for governmental funds are recorded when they are determined to be both measurable and available.

Generally, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses of proprietary funds are recognized utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Q. PROPERTY TAX REVENUES

Property taxes levied are based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every four years. The last revaluation date was January 2002.

R. VACATION, SICK LEAVE, AND OTHER COMPENSATED ABSENCES

The City of Grambling recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

For governmental and similar trust funds, only the current portion of the liability for compensated absences should be reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability should be reported in the general long-term obligations account group.

At December 31, 2002, employees of the City had accumulated and vested \$76,643 of employee leave benefits. This amount is recorded within the general long-term obligations account group.

S. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2002

not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

T. TOTAL COLUMNS

The Combined Financial Statements include a total column that is described as memorandum only. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. COMPLIANCE WITH BOND COVENANTS

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

B. DEPOSITS WITH FINANCIAL INSTITUTIONS

State statutes require that the City's deposits be collateralized by securities. All deposits were not adequately collateralized at December 31, 2002. There was approximately \$72,313 of uncollateralized funds at December 31, 2002. However, it is undeterminable if this requirement was complied with throughout the year.

C. EXCESS OF EXPENDITURES OVER REVENUE

One fund had expenditures that exceeded revenue for the current year.

3. CASH

All significant bank balances of deposits as of the balance sheet date are insured or collateralized with securities.

4. PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Lincoln Parish.

All property taxes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the year ended December 31, 2002, taxes of 56.08 mills were levied on property with assessed valuations totaling \$6,744,768.00 and were dedicated as follows:

General Corporate Purposes	7.08 Mills
Street Maintenance	6.50 Mills
Water Maintenance	5.00 Mills
Police Services	5.50 Mills
Fire Protection	32.00 Mills

Total taxes levied were \$378,251. Taxes receivable at December 31, 2002, consisted of the following:

Taxes receivable current roll	\$197,997
Taxes receivable prior roll	43,668
Allowances for uncollectible taxes	<u><106,323></u>
TOTAL	<u>135,342</u>

5. **INVESTMENTS**

The City is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the Laws of Louisiana and national banks having their principal office in the State of Louisiana or any other federally insured investment.

CITY OF GRAMBLING, LOUISIANA
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The City's investments are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 provides for investments insured or registered, or securities held by the City or its agents in the City's name. Category 2 provides for uninsured and unregistered securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered securities held by the counterparty or by its trust department or agent but not in the City's name. (In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name although balances so collateralized meet the requirements of state law. Of the amount shown in Category 3, \$1,025,190 is collateralized by securities held by the pledging financial institution's agent but not in the City's name.)

	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Savings and Certificates of deposit	<u>-</u>	<u>-</u>	<u>866,286</u>	<u>866,286</u>	<u>866,286</u>

6. DUE TO/FROM OTHER FUNDS

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 218,680	\$ 5,359
Debt Service Fund	1,658	74,386
Utility Fund	38,157	232,952
Capital Projects Fund	77,906	-
Health & Sanitation		<u>23,704</u>
	<u>336,401</u>	<u>336,401</u>

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2002

7. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2002, consisted of the following:

Due From State of Louisiana & Other Federal Agency	<u>\$ 1,177</u>
TOTAL	<u><u>1,177</u></u>

8. PROPERTY, PLANT, AND EQUIPMENT

	<u>Balance</u> <u>1-1-02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-02</u>
Land	\$ 23,792	\$	\$	\$ 23,792
Buildings	335,223	0	-	335,223
Improvements Other than Buildings	322,627	-	-	322,627
Equipment	804,141	68,300	-	872,441
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fixed Assets	<u><u>1,485,783</u></u>	<u><u>68,300</u></u>	<u><u>-0-</u></u>	<u><u>1,554,083</u></u>

A summary of proprietary fund type property, plant and equipment and depreciation at December 31, 2002 follows:

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<u>Property, Plant & Equipment</u>	Life In Years	Balance 1-1-02	<u>Additions</u>	<u>Deletions</u>	Balance 12-31-02
Land/Improvements		\$ 16,526	\$ -	-	\$ 16,526
Waterworks/Sewer System	15-20	936,985	153,394	-	3,090,379
Automobiles/Trucks	5	12,758	-	-	12,758
Office Equipment	5-8	47,112	-	-	47,112
Sundry Equipment	5-8	72,039	-	-	72,039
Sewage Plant	15-20	2,409,175	-	-	2,409,175
Waterworks	15-20	<u>1,430,472</u>	<u>-</u>	<u>-</u>	<u>1,430,472</u>
 Total		 6925,067	 153,394	 -	 7,078,461
 Less: Accumulated Depreciation		 <u>3,169,951</u>	 <u>359,390</u>	 <u>-</u>	 <u>3,529,341</u>
 Net Property, Plant and Equipment		 <u>3,755,116</u>	 <u>-</u>	 <u>-</u>	 <u>3,549,120</u>

9. CLAIMS AND JUDGMENTS

The City of Grambling participated in various state and federal programs in previous fiscal years. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed, based on subsequent audits, they will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

10. RESTRICTED ASSETS, ENTERPRISE FUND

Under terms of various bond indentures, the Enterprise Fund is required to establish and maintain a Bond Reserve Fund, Bond Interest Redemption Fund, and a Contingency Fund. In addition to these funds, the City maintains a Customer Deposit Fund.

Components of the various Restricted Assets are as follows:

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Bond and Interest			
Redemption	180,146	-	180,146
Reserve	7,628	240,505	248,133
Contingency/Replacement	-	36,323	36,323
Customer Deposit	<u>47,272</u>	<u>24,903</u>	<u>72,175</u>
	<u>235,046</u>	<u>301,731</u>	<u>536,777</u>

11. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended December 31, 2002.

	<u>Revenue Bond Issues</u>	<u>Total</u>
Bonds Payable January 1, 2002	\$2,251,367	\$2,251,367
Bonds Issued	-	-
Bonds Retired	<u>(79,762)</u>	<u>(79,762)</u>
Bond Payable, December 31, 2001	<u>\$2,171,605</u>	<u>\$2,171,605</u>

Bonds payable at December 31, 2002 are comprised of the following individual issues:

Bonds Outstanding
12-31-02

Revenue Bonds

380,000 1970 Water Sewer System
Junior Lien Revenue Bonds, due in

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2002

annual installments of \$9,000 to \$27,000 through January 1, 2012, interest at 5.375 percent. 165,000

1,250,000 Utilities Revenue Bonds Series 1995, due in annual installments of \$70,000 to \$75,000 through March 2035, interest at 5 to 5 1/8 percent (this issue secured by water fees to be collected by the city) 1,177,820

1,170,000 Utilities Revenue Bonds, Series, 1993, due in annual installments of \$75,000 to \$80,000 through March 2015, interest at 2.95 percent (this issue secured by Sewer User fees to be collected by the City) 828,785

The annual requirements to amortize all debts outstanding at December 31, 2002 including interest payments of \$2,143,238 are as follows:

Year Ending December 31	Combined Revenue
2003	167,121
2004-2008	835,609
2008-2012	835,609
2011-2035	<u>1,842,315</u>
	3,680,654

\$102,398 is available in the Debt Service Funds to service general obligations and other long-term obligations.

During the year ended December 31, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2002

	<u>Balance</u> <u>1-1-02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12-31-02</u>
Compensated absences	<u>75,165</u>	<u>1,478</u>	<u>-</u>	<u>76,643</u>
Total	<u>75,165</u>	<u>1,478</u>	<u>-</u>	<u>76,643</u>

12. FLOW OF FUNDS

Under the terms of the bond indentures on outstanding Combined Utility Revenue Refunding Bonds dated January 1, 1970, and Water & Sewer Junior Lien Revenue Bonds dated July 1, 1970, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Out of the revenue there shall be set aside from time to time into an "Operation and Maintenance Fund" amounts sufficient to provide for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund" an amount constituting 1 1/2 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to 20% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year, that amount being \$28,501.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
December 31, 2002

(Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Fund and as to which there would otherwise be default.

Funds will also be set aside into a Contingency Fund at the rate of \$150 each month until the amount of \$49,000 is on deposit in the fund. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds. The balance in this fund shall never be reduced below a minimum of \$9,000.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Under the terms of the bond indentures on the outstanding Utility Revenue Bonds, Series, 1993, and the Utility Revenue Bonds, Series, 1995, the following conditions of payments and various reserve accounts were stated.

Sinking Fund - A monthly payment equal to 1/12 of the current year principal and interest installments due on the Bond issues.

Reserve Fund - Payments shall be made in combined sum equal to 25% of the monthly Sinking Fund payment on the Series 1993 bonds and 20% of the monthly Sinking Fund payment on the Series 1995 until an amount equal to the Reserve Fund Requirement is on deposit in the Reserve Fund. The initial Reserve Fund Requirement to be accumulated is approximately \$155,181.

Replacement Fund - Payments equal to 5% of the net revenues of the combining Waterworks System and Sewerage System, provided, however, such payments shall not be less than \$307 per month over the life of the Series 1995 Bonds, until a Replacement Fund balance of \$75,000 is accumulated.

CITY OF GRAMBLING, LOUISIANA
Notes to the Financial Statements
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13. **FUND EQUITY**

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify that portion of the fund balance that is not appreciable for future expenditures. Specific reservations of the fund balance accounts are summarized below:

Reserve for Inventories

This reserve was created to represent the portion of the fund balance that is not available for expenditures because the City expects to use these resources within the next budgetary period.

Reserve for Debt Service

This reserve was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserve for Retained Earnings

Reservations of retained earnings of Enterprise Funds are created by increases in assets restricted for debt service. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased, there is an equal reduction to the portion of retained earnings that is unreserved.

14. **SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

The City is a defendant in a few lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**CITY OF GRAMBLING, LOUISIANA
GENERAL FUND**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
REVENUES				
Taxes				
Ad Valorem Taxes	\$ 121,252	113,295	\$ (7,957)	151,794
Sales Taxes - Income	350,000	347,521	\$ (2,479)	285,213
Fire Taxes	203,349	225,376	\$ 22,027	156,264
Other taxes, penalties, interest, etc.	700	495	(205)	172
Total Taxes	<u>675,301</u>	<u>686,687</u>	<u>11,386</u>	<u>593,443</u>
Licenses and Permits				
Occupational Licenses	45,000	45,247	(247)	38,705
Alcoholic Beverage	4,500	4,275	(225)	4,230
Inspection Fees	200	98	(12)	138
Building Permits	5,000	3,171	(1,829)	4,880
Electrical Permits	2,000	1,213	(787)	1,080
Plumbing Permits	2,500	2,323	(177)	398
Franchise - Cablevision	10,000	13,807	3,807	12,501
Franchise - ARKLA	20,000	13,588	(6,412)	9,413
Franchise - LP & L	25,000	22,358	(2,642)	22,616
Franchise - Claiborne Electric	6,000	5,964	(36)	5,331
Total Licenses and Permits	<u>120,200</u>	<u>112,044</u>	<u>(8,560)</u>	<u>99,292</u>
Intergovernmental				
Louisiana Beer Tax	7,000	6,942	(58)	4,132
Louisiana Fire Insurance	11,000	12,485	1,485	11,247
Sales Tax Dedication	18,000	17,613	(387)	14,465
Total Intergovernmental	<u>36,000</u>	<u>37,040</u>	<u>1,040</u>	<u>29,844</u>
Fines and Forfeiture Fees				
Fine Assessment		3,138	3,138	3,063
Fines - Police Department	43,000	37,710	(5,290)	36,647
Court Cost - Municipal	17,000	14,914	(2,086)	17,407
Rebate - Lincoln Parish DWI	9,500	10,153	653	9,079

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
GENERAL FUND**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
Police - Special Grants	4,300	12,213	7,913	32,251
Dept of Transportation	3,800	3,702	(98)	27,648
Police and Fire Reports	300		(300)	
Total Fines and Forfeiture Fees	<u>77,900</u>	<u>81,830</u>	<u>3,930</u>	<u>126,095</u>
Miscellaneous Revenues				
Sale of Garbage Bags	1,200	654	(546)	858
Interest & Dividend Income	6,500	7,279	779	9,870
Miscellaneous - Other	2,000	2,572	572	13,450
Total Miscellaneous Revenues	<u>9,700</u>	<u>10,505</u>	<u>805</u>	<u>24,178</u>
Total Revenues	<u>919,101</u>	<u>928,106</u>	<u>9,005</u>	<u>872,852</u>
EXPENDITURES				
General Government				
Salaries	90,000	99,317	(9,317)	104,340
Council Per Diem	14,000	13,861	139	12,825
Building Administrator	2,700	2,700	-	2,700
Utilities Inspector	2,700	2,700	-	2,700
FICA	6,800	8,035	(1,235)	7,989
Workmen's Compensation	2,000	769	1,231	-
Employee Group Insurance	8,500	12,751	(4,251)	5,498
Unemployment Taxes	300	286	14	476
Retirement	2,000	-	2,000	
Insurance				
General Liability	10,000	16,275	(6,275)	18
Bonding Insurance	600	300	300	300
Property Insurance	2,000	4,923	(2,923)	1,080
Vehicle Insurance	500	-	500	-
Audit	7,500	9,747	(2,247)	9,422
Dues & Subscriptions	6,000	6,032	(32)	6,365
Legal Retainer	3,600	4,211	(611)	5,192

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
GENERAL FUND**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
Legal Advertising	1,400	1,236	164	1,548
Lincoln Parish Tax Assessor	3,500	1,768	1,732	1,770
Office Supplies	4,000	6,040	(2,040)	(378)
Postage	2,000	2,504	(504)	2,745
Telephone	4,200	2,174	2,026	2,461
Town Hall Expense	3,000	817	2,183	781
Travel	200	-	200	-
Utilities	6,000	5,298	702	4,094
Professional Fees		1,567	(1,567)	3,782
Court Costs	3,000	2,910	90	1,936
Capital Outlays				
Building	6,000	5,913	87	-
Town Hall Equipment, Renov., & Fu	150	1,150	(1,000)	-
Computer System Upgrade	500	492	8	483
Accounting	1,000	-	1,000	1,104
Personnel Training	150	-	150	-
Equipment Repair and Maintenance	5,000	4,216	784	5,999
Building Repairs	1,000	107	893	205
Professional Services - Coroner	3,400	3,297	103	-
Christmas Decorations	1,000	-	1,000	-
Rent - ICC RR	230	-	230	230
Cul./Com. Dev Pro	2,000	997	1,003	1,056
Garbage Bags	4,500	-	4,500	-
Miscellaneous/Contingency	1,000	1,738	(738)	-
Sales Tax	3,500	3,412	88	314
Bank Charges	500	882	(382)	522
Penalties		-		1,684
Court Magistrate	3,600	3,300	300	3,000
Bad Debt	-	-	-	439
Cleaning Building		-	-	210
Total General Government	<u>220,030</u>	<u>231,725</u>	<u>(11,695)</u>	<u>192,890</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
Police Department				
Salaries	245,000	266,870	(21,870)	244,810
Employee Group Insurance	34,000	33,752	248	38,345
Unemployment Taxes	1,500	385	1,115	361
FICA	21,000	21,053	(53)	18,994
Workmen's Compensation	21,000	21,663	(663)	-
Interest Expense	-	1,172	(1,172)	1,788
Insurance			-	
General Liability	6,000	5,906	94	7,849
Vehicles	4,500	3,914	586	8,955
Property	-	-	-	-
Police Uniforms	5,000	4,596	404	1,504
Supplies	6,500	3,991	2,509	9,284
Telephone	6,000	5,869	131	6,200
Personnel Training	5,000	3,137	1,863	2,449
Professional Fees	-	1,163	(1,163)	-
Equipment/Building Repairs	1,000	516	484	2,935
Travel	1,800	1,761	39	-
Gas & Oil	7,500	7,647	(147)	7,449
Dues and Subscriptions	500	100	400	1,316
Miscellaneous/Contingency	1,000	734	266	1,418
Capital Outlays			-	
Equipment/Building	0	-	-	21,747
Vehicles	20,000	-	20,000	-
Radios	-	519	(519)	-
Vehicle Maintenance	5,000	1,805	3,195	2,570
Vehicle Repair	6,000	2,602	3,398	5,397
Radio Repair	3,000	2,666	334	1,889
Retirement	7,000		7,000	
Computer System Repair	4,000		4,000	
Total Police Department	<u>412,300</u>	<u>391,821</u>	<u>20,479</u>	<u>385,260</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
GENERAL FUND
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
Fire Department				
Compensation - Firemen	33,000	30,205	2,795	4,575
FICA		2,378	(2,378)	
Insurance - Firemen	3,700	3,751	(51)	-
Workers Compensation	2,800	2,813	(13)	-
Supplies	16,000	16,210	(210)	2,937
Insurance - Vehicle	6,000	6,022	(22)	5,713
Insurance - Property	300	-	300	4,045
Interest	-	6,524	(6,524)	7,064
Dues and Subscriptions	250	285	(35)	115
Telephone	4,400	4,430	(30)	1,510
Utilities	2,000	1,999	1	1,310
Travel/Training	1,700	1,277	423	1,214
Vehicle Gas & Oil	1,500	602	898	355
Radio Repair	250	1,934	(1,684)	30
Miscellaneous	1,550	662	888	515
Capital Outlay	25,000	45,705	(20,705)	17,029
Vehicle Repairs	1,500	875	625	492
Total Fire Department	<u>99,950</u>	<u>125,672</u>	<u>(25,722)</u>	<u>46,904</u>
Streets and Highways				
Insurance - Street Liability	-	-	-	1,517
Street Lights	17,000	17,053	(53)	17,822
Street Maintenance	4,000	3,876	124	2,947
Total Streets and Highways	<u>21,000</u>	<u>20,929</u>	<u>71</u>	<u>22,286</u>

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
GENERAL FUND**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/01 ACTUAL</u>
Parks and Recreation				
Supplies	200	502	(302)	-
Insurance	-		-	-
Utilities	525	586	(61)	631
Repair and Maintenance	600	612	(12)	-
Telephone	-		-	-
Total Parks and Recreation	<u>1,325</u>	<u>1,700</u>	<u>(375)</u>	<u>631</u>
Total Expenditures	<u>754,605</u>	<u>771,847</u>	<u>(17,242)</u>	<u>653,187</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>164,496</u>	<u>156,259</u>	<u>(8,237)</u>	<u>219,665</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	35,000	-	35,000	35,408
Operating transfers out	(35,000)	75,000	40,000	-
Total other financing sources (uses)	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>35,408</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>164,496</u>	<u>81,259</u>	<u>(83,237)</u>	<u>255,073</u>
FUND BALANCES (Deficit), BEGINNING		745,082		
FUND BALANCES (Deficit), ENDING		<u><u>826,341</u></u>		

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

HEALTH & SANITATION FUND

This fund is used to account for the receipts and subsequent expenditures of the health and sanitation program.

CITY OF GRAMBLING, LOUISIANA
SPECIAL REVENUE FUND
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/2001 ACTUAL</u>
REVENUES				
Intergovernmental Revenues	\$160,000	\$153,870	\$ (6,130)	\$ 170,357
Garbage Collection Fees	41,000	39,312	(1,688)	35,962
Miscellaneous/Containers	9,000	7,900	(1,100)	8,749
Interest Income	5,100	5,215	115	3,666
Total Revenues	<u>215,100</u>	<u>206,297</u>	<u>(8,803)</u>	<u>218,734</u>
EXPENDITURES				
Salaries	81,500	76,121	5,379	73,566
FICA	7,600	5,878	1,722	5,652
Workers Compensation	12,000	14,180	(2,180)	8,000
Unemployment Taxes	400	149	251	107
Employee Group Insurance	17,500	9,751	7,749	12,728
Insurance	6,750	5,120	1,630	7,846
Audit	4,000	4,335	(335)	5,193
Accounting Services	1,000	-	1,000	1,913
Bank Service Charge	150	-	150	15
Capital Outlay	3,500	430	3,070	7,235
Maintenance & Repairs	11,500	11,647	(147)	10,723
Miscellaneous	450	140	310	17,115
Supplies	1,500	3,177	(1,677)	608
Vehicle Gas & Oil	3,500	4,732	(1,232)	4,497
Total expenditures	<u>151,350</u>	<u>135,660</u>	<u>15,690</u>	<u>155,198</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>63,750</u>	<u>70,637</u>	<u>(6,887)</u>	<u>63,536</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	-	-	-	(25,550)
Operating transfers out to General Fund	(25,000)	-	25,000	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>(25,550)</u>

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
SPECIAL REVENUE FUND**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>YEAR ENDED 12/31/2001 ACTUAL</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>38,750</u>	<u>70,637</u>	<u>18,113</u>	<u>38,036</u>
FUND BALANCES (Deficit), BEGINNING		300,772		262,736
FUND BALANCES (Deficit), ENDING		<u><u>\$371,409</u></u>		<u><u>\$ 300,772</u></u>

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUNDS

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from government resources.

1984 SEWER IMPROVEMENTS

This fund is used to accumulate monies for payment of the 1984 \$265,000 Sewer System Improvement Bonds, which are serial bonds due in annual installment, plus interest, through maturity in 2004. Debt service is financed by the levy of a specific ad valorem tax.

CITY OF GRAMBLING, LOUISIANA
DEBT SERVICE FUND
Balance Sheet, December 31, 2002

ASSETS	
Cash and cash equivalents	14,131
Investments	88,267
Receivables:	
Taxes (net of allowance for uncollectibles)	9,917
Accrued interest	214
Interfund receivable	1,658
TOTAL ASSETS	<u><u>\$ 114,187</u></u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Interfund payables	\$ 74,386
Total Liabilities	<u>74,386</u>
Fund Equity:	
Reserved for debt service	38,331
Unreserved - undesignated	1,470
Total Fund Equity	<u>39,801</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 114,187</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
DEBT SERVICE FUND
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

REVENUES	
Taxes	140
Other revenues	1,645
Total revenues	1,785
 EXPENDITURES	
General government	-
Debt service:	
Principal retirement	
Interest and bank charges	-
Other expenditures	315
Total expenditures	315
 EXCESS (Deficiency) OF REVENUES	
OVER EXPENDITURES	1,470
 OTHER FINANCING SOURCES (Uses)	
Operating transfers in	-
Operating transfers out	-
Total other financing sources (uses)	-
 EXCESS (Deficiency) OF REVENUES	
AND OTHER SOURCES OVER	
EXPENDITURES AND OTHER USES	1,470
 FUND BALANCES (Deficit), BEGINNING	38,329
 FUND BALANCES (Deficit), ENDING	\$ 39,801

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

1984 SEWER IMPROVEMENTS

This fund is used to account for the construction of sewer line extensions.

CITY OF GRAMBLING, LOUISIANA
CAPITAL PROJECTS FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2002

REVENUES	
Grant Revenue	\$ -
Interest Revenue	3,652
Total revenues	3,652
 EXPENDITURES	
General government	-
Capital Projects	-
Total expenditures	-
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	
	3,652
 OTHER FINANCING SOURCES (Uses)	
Operating transfers in	
Operating transfers out	(117,488)
Total other financing sources (uses)	(117,488)
 EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	
	(113,836)
 FUND BALANCES (Deficit), BEGINNING	
	199,727
 FUND BALANCES (Deficit), ENDING	
	\$ 85,891

The accompanying notes are an integral part of this statement.

PROPRIETARY FUNDS (UTILITY FUND)

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods and service to the general public primarily through user charges or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes. The City of Grambling operates its water and sewer system as an Enterprise Fund.

**CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND**

**Schedule of Proprietary Fund
Operating Expenses, By Department
For the Year Ended December 31, 2002**

	December 31, 2002
WATER DEPARTMENT	
Salaries	110,706
FICA	8,580
Workers compensation	9,754
Unemployment taxes	208
Employee group insurance	13,876
Insurance	3,994
Audit	12,977
Uniforms	480
Dues and Subscriptions	3,318
Bank service charge	891
Bonds/Coupons - Interest	27,353
Interest Expense	11,845
Sales tax	6,162
Capital Outlay	1,744
Maintenance and repairs	19,683
Water system repair	3,827
Miscellaneous	770
Supplies	9,953
Office expense	2,100
Travel/training	326
Vehicle gas and oil	4,119
Utilities	54,369
Depreciation Expense	194,018
Total Water department operating expenses	501,053

SEWER DISTRIBUTION DEPARTMENT

Salaries	9,597
FICA	768
Workers Compensation	712
Group Insurance	1,125
Bank Service Charge	2,197
Maintenance and repairs	3,736
Sewer system repair	2,511

The accompanying notes are an integral part of this statement.

**CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND**

**Schedule of Proprietary Fund
Operating Expenses, By Department
For the Year Ended December 31, 2002**

Supplies	1,781
Utilities	10,868
Depreciation Expense	44,913
Total Sewer distribution department operating expenses	<u>78,208</u>
 SEWER PLANT DEPARTMENT	
American Wastewater Association	135,318
Maintenance and repairs	7,356
Miscellaneous	175
Supplies	230
Depreciation Expense	120,459
Total Sewer distribution department operating expenses	<u>263,538</u>
 TOTAL OPERATING EXPENSES	 <u><u>\$ 842,799</u></u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
PROPRIETARY FUND
Schedule of Proprietary Fund
Changes in Assets Restricted for
Revenue Bond Debt Service
For the Year Ended December 31, 2002

	<u>CASH WITH PAYING AGENT</u>	<u>BOND AND INTEREST REDEMPTION</u>	<u>RESERVE</u>	<u>CONTINGENCY</u>	<u>TOTAL</u>
CASH - 01/01/02	-	180,146	210,696	32,639	423,481
CASH AND INVESTMENTS, 01/01/02	\$ -	\$ 180,146	\$ 210,696	\$ 32,639	\$ 423,481
CASH RECEIPTS					
Transfers from operating	-	201,841	-	2,379	204,220
Interest on investments	-	-	8,427	1,305	9,732
Transfers from bond and interest redemption	172,831	-	29,010	-	201,841
TOTAL CASH RECEIPTS	<u>172,831</u>	<u>201,841</u>	<u>37,437</u>	<u>3,684</u>	<u>415,793</u>
TOTAL CASH AND INVESTMENTS AVAILABLE	<u>172,831</u>	<u>381,987</u>	<u>248,133</u>	<u>36,323</u>	<u>839,274</u>
CASH DISBURSEMENTS					
Transfer to paying agent	-	172,831	-	-	172,831
Principal payments	79,762	-	-	-	79,762
Interest payments	93,069	-	-	-	93,069
Transfer to Reserve	-	29,010	-	-	29,010
TOTAL CASH DISBURSEMENTS	<u>172,831</u>	<u>201,841</u>	<u>-</u>	<u>-</u>	<u>374,672</u>
CASH AND INVESTMENTS, 12/31/02	<u><u>\$ -</u></u>	<u><u>\$ 180,146</u></u>	<u><u>\$ 248,133</u></u>	<u><u>\$ 36,323</u></u>	<u><u>\$ 464,602</u></u>

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS

CITY OF GRAMBLING, LOUISIANA
STATEMENTS OF GENERAL LONG-TERM DEBT
DECEMBER 31, 2002

	<u>GENERAL OBLIGATION</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG TERM DEBT			
Amount available in debt service funds for debt retirement	\$ -	\$ 76,643	\$ 76,643
Amount to be provided from Ad Valorem taxes			
TOTAL AVAILABLE	<u>\$ -</u>	<u>\$ 76,643</u>	<u>\$ 76,643</u>
GENERAL LONG-TERM DEBT PAYABLE			
Bonds payable	\$ -	\$ -	\$ -
Unpaid compensated absences	\$ -	\$ 76,643	\$ 76,643
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$ -</u>	<u>\$ 76,643</u>	<u>\$ 76,643</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
STATEMENTS OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2002

	LAND	BUILDING	IMPROVEMENTS OTHER THAN BUILDING	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
General fixed assets, beginning of year	\$ 23,792	\$ 335,223	\$ 322,627	\$ 804,141	\$ -	\$ 1,485,783
ADDITIONS						
General Fund	-	-	-	63,885	-	63,885
Health and Sanitation Fund	-	-	-	4,415	-	4,415
Capital Projects Fund	-	-	-	-	-	-
	-	-	-	68,300	-	68,300
TOTAL BALANCES AND ADDITIONS	<u>23,792</u>	<u>335,223</u>	<u>322,627</u>	<u>872,441</u>	<u>-</u>	<u>1,554,083</u>
DEDUCTIONS						
Assets transferred to other funds	-	-	-	-	-	-
Sale of Land	-	-	-	-	-	-
General fixed assets, end of year	<u>\$ 23,792</u>	<u>\$ 335,223</u>	<u>\$ 322,627</u>	<u>\$ 872,441</u>	<u>\$ -</u>	<u>\$ 1,554,083</u>

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2002 & 2001

	December 31,	
	2002	2001
GENERAL FIXED ASSETS, AT COST		
Land	23,792	23,792
Buildings	335,223	335,223
Improvements other than buildings	322,627	322,627
Equipment	872,441	804,141
TOTAL GENERAL FIXED ASSETS	1,554,083	1,485,783
INVESTMENT IN GENERAL FIXED ASSETS	1,554,083	1,424,387

SUPPLEMENTARY INFORMATION

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REPORT OF COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Grambling
Grambling, Louisiana 71245

We have audited the general purpose financial statements of City of Grambling, Louisiana as of and for the year ended December 31, 2002 and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Grambling, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Section I of Management's Corrective Action Plan as items 2002-2 and 2002-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Grambling, Louisiana's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Grambling, Louisiana's ability to record, process, summarize and report financial data consistent with assertions of management in the general

To the City Council
City of Grambling
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purpose financial statements. Reportable conditions are described in the accompanying Section I of Management's Corrective Action Plan as item 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, of the reportable conditions described above, we consider items 2002-1 to be a material weakness.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Radian L. Hennigan
Certified Public Accountant

June 13, 2003

CITY OF GRAMBLING, LOUISIANA

Combined Schedule of Investments

December 31, 2002

	<u>INTEREST</u> Rates	<u>DATE</u> ACQUIRED	<u>MATURITY</u> DATE	<u>BOOK</u> VALUE
GENERAL FUND				
Certificates of Deposits				
Bank One	0.75%	11/18/02	11/18/03	15,093
Bank One	1.73%	05/30/02	05/30/03	20,874
Bank One	1.59%	03/14/02	03/14/03	26,310
Bank One	1.09%	07/28/02	07/28/03	9,827
Bank One	1.09%	07/28/02	07/28/03	14,429
Regions Bank	2.96%	12/03/02	06/03/03	29,082
Regions Bank	1.29%	11/29/02	05/29/03	26,727
Savings Account				
Bank One	0.40%			7,571
Grambling Federal Credit Union	1.50%			45,226
TOTAL GENERAL FUND				<u>195,139</u>
ENTERPRISE FUND				
Bank One	1.09%	11/18/02	11/18/03	117,488
Regions Bank	1.69%	09/14/02	09/14/03	16,621
Bank One	1.00%	12/05/02	12/05/03	20,000
Bank One	1.73%	05/18/02	05/18/03	19,148
Regions Bank	5.118%	02/24/00	02/24/05	104,431
Interest Bearing Checking				
Regions Bank	0.49990%			47,233
Regions Bank	0.49990%			97,492
Regions Bank	0.49990%			47,173
TOTAL ENTERPRISE FUND				<u>469,586</u>
DEBT SERVICE FUND				
Certificates of Deposits				
Bank One	0.75%	11/18/02	11/18/03	44,793
Bank One	0.75%	11/18/02	11/18/03	10,495
Regions Bank	1.69%	09/14/02	09/14/03	32,980
TOTAL DEBT SERVICE FUND				<u>88,268</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS

Certificates of Deposits

Bank One

0.75%

11/18/02

11/18/03

4,239

TOTAL CAPITAL PROJECTS

4,239

GRAND TOTAL

757,232

The accompanying notes are an integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Combined Schedule of Bonds Payable
December 31, 2002

<u>DESCRIPTION</u>	<u>INTEREST</u>		<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Annual Serial Payments</u>
	<u>Rates</u>	<u>Payment Dates</u>			
REVENUE BONDS					
Water & Sewer System Junior Lien Revenue Bond	5.38%	1-1;7-1	7/1/1970	1/1/2010	
Water & Sewer Utility Revenue Bonds Series, 1995	5.00%	3-1	3/1/1995	3/1/2035	
Water & Sewer Utility Revenue Bonds, 1993	2.95%	3-1	3/1/1995	3/1/2015	
GRAND TOTAL					

The accompanying notes are integral part of this statement.

Bonds

<u>Authorized & Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/2002</u>
<u>380,000</u>	<u>215,000</u>	<u>165,000</u>
<u>1,250,000</u>	<u>72,179</u>	<u>1,177,821</u>
<u>1,170,000</u>	<u>341,214</u>	<u>828,786</u>
<u>\$ 2,800,000</u>	<u>\$ 628,393</u>	<u>\$ 2,171,607</u>

The accompanying notes are integral part of this statement.

CITY OF GRAMBLING, LOUISIANA
Schedule of Compensation Paid Council Members
For the Year Ended December 31, 2002

<u>COUNCIL MEMBERS</u>	<u>AMOUNT</u>
Beverly Spearman	2,700
Birdex Copeland	2,500
A.D. Smith, Jr.	2,700
Martha Andrus	2,700
Toby Bryan	2,500
	<hr/>
	13,100
	<hr/> <hr/>

CITY OF GRAMBLING, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDING AND QUESTION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of City of Grambling, Louisiana.
2. Some reportable conditions were disclosed during the audit of the general purpose financial statements. See Management's Corrective Action Plan.
3. Some instances of noncompliance material to the general purpose financial statements of City of Grambling, Louisiana, were disclosed during the audit. See Management's Corrective Action Plan.
4. There are no major programs.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. City of Grambling, Louisiana was not determined to be low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

See Management's Corrective Action Plan.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**CITY OF GRAMBLING, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2002**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p>2001-1 The water and sewer department's collection of past due accounts has improved, but the department needs continued monitoring by management to further improve collections. Our recommendations are: 1) Review active customers that are in arrears and establish a repayment plan and; 2) those customers no longer on the system but have outstanding bills need to be turned over to a collection agency or written off. The City's established cut-off procedures for past-due water and sewer bills are adequate. These procedures need to be consistently applied.</p>	<p>The management of the City of Grambling has instituted a monitoring process by which untimely payments of customer billings will be examined and promptly acted upon. The current past due accounts are actively being reviewed and procedures implemented to collect them.</p>
<p>2002-2 The Purchase order procedures of the City are not consistently applied to expenditures. Our tests revealed some instances that no Purchase Orders were prepared or Purchase Orders were prepared after the expenditure was incurred and paid. Also, during our tests, there were expenditures that were not timely paid.</p>	<p>The management of the city will monitor this procedure more closely to insure proper use of purchase orders and timeliness of expenditure payments.</p>
<p>2002-3 The City has delinquent property tax notices that extend beyond the legal due date for collection. Appropriate actions need to be instigated to attempt collection and/or follow up procedures to attach the property in order to collect delinquent taxes.</p>	<p>The City is actively pursuing legal compliance with property tax collections. The City has made major strides forward in this area</p>

**CITY OF GRAMBLING, LOUISIANA
FOR THE YEAR ENDING DECEMBER 31, 2002**

QUESTIONED COSTS

There were no questioned costs found.

CITY OF GRAMBLING, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended December 31, 2002

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2001-1 The Water & Sewer Department's efforts to collect past due accounts receivable this past year has been lacking. The Department's procedures for non-payment of customer's bill is adequate. These procedures need to be consistently implemented. As part of our procedures we reviewed and tested related party transactions as concerns Water and Sewer billings. Of the related party accounts, there was only one that became a bad debt write-off when the customer left the system for approximately \$330.00. The employee accounts and other related party accounts that were reviewed, all were current except for a few accounts. The accounts that had arrearages were on a repayment plan to extinguish the outstanding balance. In review, the predominant problem that seems to arise for the water and sewer system, as a whole, is that of collection of billings. The system has an excessive amount of past due accounts that are not on a repayment plan. Our recommendations are: 1) Review active customers that are in arrears and establish a repayment plan and; 2) those customers no longer on the system but have outstanding bills need to be turned over to a collection agency or written off.

The City's established cut-off procedures for past-due water and sewer bills are adequate. These procedures need to be consistently applied.

The management of the City of Grambling has instituted a monitoring process by which untimely payments of customer billings will be examined and promptly acted upon. The current past due accounts are actively being reviewed and procedures implemented to collect them.

Partially Resolved

2001-2 The General Fund and the Proprietary Fund (Enterprise) failed to meet budgeted revenues and budgeted revenues and expenditures by more than five percent. The City needs to review its budget vs actual financial reports on a quarterly basis and take appropriate actions.

The City has begun procedures and provisions for oversight controls to review the General Fund budget vs actual revenue and expenditure activity on a quarterly basis and make the appropriate amendments as needed.

Resolved

CITY OF GRAMBLING, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended December 31, 2002

<p>2001-3 A schedule of garnishments needs to be maintained by employee in order that an accurate accounting of garnishments levied and paid off can be ascertained by the City and the employee.</p>	<p>The payroll clerk will maintain a schedule of garnishments withheld, paid and refunded per employee.</p> <p>Resolved</p>
<p>2001-4 The Purchase order procedures of the City are not consistently applied to expenditures. Our tests revealed some instances that no Purchase Orders were prepared or Purchase Orders were prepared after the expenditure was incurred and paid.</p>	<p>The management of the City will monitor this procedure more closely.</p> <p>Not Resolved</p>
<p>2001-5 The City has delinquent property tax notices that extend beyond the legal due date for collection. Appropriate actions need to be instigated to attempt collection and/or follow-up steps to attach the property in order to collect delinquent taxes.</p>	<p>The City is actively pursuing legal compliance with property tax collections. The City has made major strides forward in this area.</p> <p>Not Resolved</p>